



Community Land Trust Training and Certification Program

**Developed by the Florida Community Land Trust Institute,
a program of the Florida Housing Coalition**

In collaboration with Freddie Mac

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1: Introduction to the Training and Certification Program

The Florida Community Land Trust (CLT) Training and Certification Program was developed by the Florida Community Land Trust Institute (Institute), a program of the Florida Housing Coalition (FHC), in collaboration with Freddie Mac. The Florida CLT Training and Certification Program provides training and technical assistance to community land trusts with a goal of improving the performance of the organization by (i) promoting best practices for the industry and for general nonprofit operations, and (ii) encouraging the standardization of key documents and procedures. The Florida CLT Training and Certification Program certifies that CLT organizations or CLT programs operated by nonprofits that complete the program meet or exceed industry standards.

The value of training and certification benefits the CLT organization itself and its public and private sector partners, such as local governments donating land and financial institutions making loans to CLT homebuyers. The benefits of CLT Certification include:

- A. For the CLT: New CLTs completing the program will begin operations with a firm understanding of best practices and knowledge of the tools necessary to operate successfully including, but not limited to, CLT specific homebuyer education, resale formula design, and setting up a process for exercising the option to repurchase the home at resale or in the event of default. Experienced CLTs will strengthen existing operations through the training and technical assistance provided in areas such as amending resale formulas, establishing repair reserves and refinancing procedures. All community land trusts that complete the program can attest that they can be trusted affordable housing partners, as their operations have been thoroughly reviewed by a third party, with specific emphasis on stewardship of permanently affordable housing. Further, CLTs that complete the program will benefit from increased access to lending options offered by institutions that rely upon the Certification as part of their underwriting procedures.
- B. For Local Governments: Certified CLTs can serve as trusted affordable housing partners, particularly in the management and disposition of surplus land, housing produced as a result of inclusionary housing ordinances and density bonuses, and down payment assistance programs. For recipients of federal HOME funding, CLTs can also serve as a development partner and help jurisdictions comply with the CHDO set-aside requirement. Partnering with certified CLTs contribute to the permanent preservation of affordable housing within a community.
- C. For Lenders: The Florida CLT Training and Certification provides an expert review of CLT operations, ensuring that CLTs meet the requirements for loans made to their buyers to be sold on the secondary market. The program creates a standard of review that lenders can rely upon and reduces transaction costs associated with lenders completing their own full reviews of CLT organizations. Loans made to buyers from certified CLTs are among the safest investments due to the ongoing relationship of the CLT with the homeowner, and the best practices for homebuyer education and ability to exercise the option to repurchase.

Training and Certification Procedures

The Program involves thorough training, review and evaluation including the following categories:

- Legal Documents such as bylaws, including essential language for the advantageous property tax treatment for CLT properties in Florida and adherence to the national ground lease model
- Stewardship measures such as resale formulas and procedures, homebuyer education and how the CLT works to prevent default
- Sources of revenue to increase the CLT's financial capacity to carry out its stewardship duties
- Board and Staff qualifications for developing and managing permanently affordable housing

Other categories relate to general nonprofit best practices, including mission and vision, program management, strategic planning and asset management. Chapters 2 and 3 provide a full description of the training topics and certification requirements.

Training and Certification Steps

Below is an outline of the steps a CLT must complete to participate in the program and achieve certification:

1. *Apply.* A CLT must submit a written application to participate in the program. The CLT will be provided with this Program Description and an application. The application will include basic information about the CLT, including contact information, confirmation of 501(c)(3) status (if applicable), and questions about affordable housing experience. Eligible applicants include, new or existing CLT organizations, an existing nonprofit organization that is expanding its services to include a CLT program, and government or quasi-governmental agencies operating a CLT program or ground lease program.
2. *Invite.* Upon receipt and review of the application, an invitation to participate will be sent to the point of contact identified on the application. The invitation will include the Certification Program Checklist and a list of documents the CLT will need to submit.
3. *Notify.* Upon return of the completed checklist and documents, Institute staff will notify the CLT that it has been selected to participate in the Training and Certification Program and schedule dates for on-site training. The on-site visit will require 1 day to conduct training and half a day for an exit conference (described below).
4. *Evaluate.* Institute staff conducts a pre-training evaluation of the CLT based on the answers to the checklist questions and documentation received. This evaluation will inform Institute staff on areas to emphasize during the on-site training as well as any additional proposed technical assistance or other follow up necessary for the CLT to achieve certification. Additional information needed to verify checklist items may be requested prior to the on-site training.



5. *Training.* Institute staff will conduct on-site training with the CLT covering all the best practices and Freddie Mac Counterparty Requirements outlined in Chapters 2 and 3 of this program description. The training will also walk the CLT through a self-evaluation. The training will last a full day. Attendance by the Executive Director and senior staff is required. Other CLT staff and Board members may also be invited to attend.

In addition to this training, the Florida CLT Institute will coordinate with Ground Solutions Network (GSN) to determine the availability of financial assistance for a one-year subscription to HomeKeeper, a web-based program developed by GSN, designed specifically for managing community land trust homeownership and counseling programs. If provided, each participant will receive instructions for scheduling the initial training and setup with GSN.

6. *Exit Conference.* On the second day of the visit, Institute staff will meet with the Executive Director and key CLT staff to review their self-evaluation and the Institute's scoring of the CLT according to the criteria outlined in Chapters 2 and 3 of this program description. Institute staff together with CLT staff will discuss plans for additional technical assistance or follow-up as may be needed to obtain certification or recommended to improve operations and increase capacity. If able to coordinate, a tour of selected CLT properties may also be scheduled. The exit conference and tour together should take no more than half a day.
7. *Certification Letter.* If CLT has met the minimum requirements for certification, a certificate is issued at the Exit Conference. If additional technical assistance or follow up is needed for certification, the Institute will send the CLT a written summary of the results of the evaluation and plans for additional technical assistance as discussed during the Exit Conference.
8. *Follow-up.* The Institute will provide additional technical assistance in accordance with the plan discussed at the Exit Conference and summarized in the Certification Letter. Once it is determined that the requirements for certification are met, FHC will issue a certificate.

Ideally, items 1 through 7 above will be completed within 120 days. However, the pace through which the process is completed, including follow-up, is highly dependent upon the community land trust's ability to submit information in a timely manner and coordinate the initial on-site training.

Certification Levels

The goal of the Certification program is to provide opportunity for community land trusts of all types to obtain certification or approval.

Certification – Nonprofit

This level of certification is offered to nonprofits operating exclusively as community land trusts as well as those that utilize the ground lease model as part of their housing programs. Full Certification status



indicates that requisite staff has completed the training, the nonprofit is implementing best practices, and the Freddie Mac Counterparty requirements have been met.

Certification – Government Agency

This level of certification is offered to government or quasi-governmental agencies that operate community land trust (ground lease) programs. Full Certification indicates that requisite staff has completed the training, the agency's program is implementing pertinent best practices, and the applicable Freddie Mac Counterparty requirements have been met. This review excludes certain elements of nonprofit management such as Board composition and strategic planning.

Freddie Mac Counterparty Approval

Freddie Mac Counterparty Approval confirms that the community land trust meets the basic community land trust organizational eligibility requirements detailed in Chapter 4502 of Freddie Mac's Selling Guide. This will allow loans made to community land trust homebuyers to be sold to Freddie Mac, assuming the loan meets all other requirements. Community land trusts must meet these Freddie Mac's Counterparty requirements to be certified:

- The legal agreement between the Community Land Trust and the homebuyer that establishes the resale restrictions must be a ground lease that meets all of Freddie Mac Community Land Trust Ground Lease requirements.
- The resale restrictions can be imposed by State or local governments, municipalities, instrumentalities or nonprofit entities to create and preserve affordable housing (including entities administering governmental sponsored subsidy programs).
- The Community Land Trust or its duly authorized representative administering resale controls and restrictions provides home counseling services or have established partnerships with, at least, one organization that does.
- If the Community Land Trust is a non-profit entity, it must be current in filing its Internal Revenue Service (IRS) Form 990, Return of Organization Exempt from Income Tax. Part I or Part III of the most recent IRS Form 990 filing clearly describes the entity's mission and activities as affordable housing development and/or community benefit real estate. The assets and liabilities disclosures for both the prior and current year in Part I should be reviewed to confirm that liabilities do not exceed assets as a prime indicator of financial stability. If IRS Form 990 is not available, a review of either an audited financial statement or a prepared annual report is required, which includes financial statements for the most current year to determine the stability and performance of the Community Land Trust.

Certification – Gold Standard

Community Land Trusts with Gold Standard Certification demonstrate implementation of best practices at an extremely high level. To achieve Gold Standard Certification, a CLT must meet the requirements of standard certification, Freddie Mac Counterparty requirements, and obtain a high score on the





organizational assessment. The factors for review (training topics) and point system for Gold Standard Certification are described in more detail in Chapters 2 and 3 of the program description.

The Florida Community Land Trust Institute will continue to provide technical assistance to CLTs whose current operations do not meet the requirements for certification. The scope and timeline for this technical assistance will be discussed and agreed upon at the exit conference. The technical assistance will focus on implementation of best practices at the level required for certification. It is the goal of the program that all CLTs participating in the program will be certified.

Certification Renewal Process

Annual Renewal Certification

Certified community land trusts or those with Freddie Mac Counterparty Approval only, shall maintain their Certified or Approved status with a streamlined annual review, to include submission and review of the following documents:

- ✓ Most recent audited financial statement
- ✓ Most current operating statement and balance sheet
- ✓ Most recent IRS Form 990
- ✓ Current ground lease(s) in use
- ✓ Current organizational chart or staff list with names and titles
- ✓ Affidavit of No Substantial Changes

The Florida Community Land Trust Institute will provide a template Affidavit of No Substantial Changes for each community land trust to sign and submit. The affidavit includes specific elements, such as any substantial changes in financial position or to the ground lease. For certified CLTs the affidavit states that the community land trust continues to meet the certification requirements as determined from completing the program. For those with Freddie Mac Counterparty Approval only, the affidavit addresses only those requirements for Freddie Mac Counterparty Approval. The signed affidavit combined with a review of current financial statements, tax return, and ground lease(s) serves to verify that a Certified or Approved community land trust maintains capacity to carry out its stewardship responsibilities.

Full renewal

Certified community land trusts must reapply and complete the full training and certification program every 5 years to maintain Certified status. This will include training and evaluation on all elements of the program and additional items, as may be required under law or in accordance with the secondary market. A community land trust will not be required to meet any initial requirements that may no longer be applicable at the time of full renewal.

Transition to Gold Standard Certification



A certified community land trust that wishes to obtain Gold Standard Certification may request an evaluation at any time or wait until Full Renewal. If seeking Gold Standard Certification prior to Full Renewal, the CLT must submit a written request for an evaluation to the Florida CLT Institute. No training is offered or required with this interim evaluation. The CLT will also maintain its Certified status if unable to achieve the required score for Gold Standard Certification. At Full Renewal a certified CLT may achieve Gold Standard Certification by completing the required training and evaluation with requisite score.

Loss of Certified Status

A community land trust may lose its Certified status due to substantial changes discovered through the annual renewal process. Such changes may include loss of 501(c)(3) status, significant reduction in financial capacity or staff turnover creating a temporary inability to perform counseling or other stewardship responsibilities. To regain Certified status, the Florida CLT Institute will work with a CLT to create a plan to address these changes. The plan may include additional training and technical assistance by the Florida CLT Institute. Once the changes are addressed, the CLT can be re-evaluated to regain Certified status. This re-evaluation will be limited to those changes which caused the loss of Certified status. Otherwise, the CLT may reapply for the full Training and Certification program.

Program Cost and Fees

For 2019-2020 the cost to participate in the program is \$500, payable upon acceptance into the program (Step 3 above). The majority of program costs will be grant funded.

Notification of Program Changes

Major changes in the structure of the Training and Certification Program will be communicated to all participating community land trusts in a timely manner to allow them to adequately prepare for initial and renewal reviews.

2: Core Certification Best Practices and Freddie Mac Counterparty Requirements

The next two chapters describe the Certification Best Practices and Freddie Mac Counterparty requirements. These best practices and requirements will be described in detail during the on-site training and referred to throughout the program. Certification requirements are divided into two groups:

- ✓ Core Certification Best Practices reflecting best practices central and unique to community land trust operations; and,
- ✓ General Best Practices applicable to nonprofits of all types.





To be certified, a community land trust must demonstrate implementation of all required Core Certification Best Practices as applicable (marked REQ), and demonstrate implementation of all (100%) of the Freddie Mac Counterparty requirements. For Gold Standard Certification, a CLT must demonstrate all required Core Certification Best Practices, meet all (100%) of the Freddie Mac Counterparty requirements and achieve a score of at least 80% on all remaining applicable Core Certification Best Practices (those with point values) in each category. The sections below list the Core Certification Best Practices and Freddie Mac Counterparty requirements in detail. Please note that some do not apply to local governments, and the lists of documents and questions are inexhaustive.

Legal

Capacity Element	CLT Certification Best Practices	Freddie Mac Counterparty Requirement
Agency Documents*	<ol style="list-style-type: none"> 1. The organization has 501(c)3 status, and its Articles of incorporation states one purpose is to acquire land to be held in perpetuity primarily for providing affordable housing (REQ) 	N/A
Ground Lease	<ol style="list-style-type: none"> 2. The ground lease follows model ground lease in 2011 CLT Technical Manual. (REQ) 3. Any major modifications or additions to the model ground lease are included in addenda and/or exhibits. (REQ) 4. The Formula/Purchase Option price is clearly defined (precise language). (REQ) 5. The CLT uses the model memorandum of ground lease currently found in the Florida CLT Institute’s CLT Primer. (REQ) 	<ol style="list-style-type: none"> 1) Ground lease has a term of at least 30 years 2) Resale formula in the ground lease limits the homeowner’s proceeds at resale 3) Resale restrictions in ground lease are binding on current and subsequent owners until formally removed, modified or terminated automatically in accordance with their terms 4) Ground lease provides CLT or its assignee with preemptive right to repurchase at resale 5) Ground lease requires CLT to review and approve refinances 6) The CLT completes,



		executes and records in the public records the Freddie Mac Form 490 Community Land Trust Lease Rider
Risk Management	6. General liability and other insurance policies are current. (1 point) 7. Review is done annually at renewal to ensure adequate coverage. (1 point)	N/A
Legal Counsel	8. The CLT has legal counsel trained in the CLT model (2 points)	N/A

*Local governments operating ground lease programs will not be required to provide these agency documents. For independent nonprofits, the CLT's by-laws are preferably written according to model by-laws in 2011 CLT Technical Manual. However, this is not a requirement, and may not be applicable for nonprofits operating ground lease programs as part of their operations (not a separate entity).

Documents requested for this portion of the evaluation include:

- ✓ Articles of Incorporation
- ✓ By-laws
- ✓ 501(c)(3) status documentation
- ✓ Ground lease(s)
- ✓ Memorandum of ground lease

Questions asked for this portion of the evaluation include:

- ✓ Are all documents valid and current?
- ✓ Are the documents easily accessible by appropriate staff?
- ✓ Does the ground lease conform to either the National Community Land Trust Network (NCLTN) 2011 Community Land Trust Network Model Ground Lease or the Institute for Community Economics (ICE) Model Ground Lease?
- ✓ Does the CLT employ legal counsel with a clear understanding of the CLT model?

The Board*

Capacity Element	CLT Certification Best Practices	Freddie Mac Counterparty Requirement
Board Commitment	1. Board meetings consistently meet quorum. (1 point) 2. Board vacancies are infrequent and quickly filled. (1 point)	N/A
Board Committees	3. The Board has good, meaningful and well-functioning committees in place with most members actively engaged. (1 point)	N/A

Capacity Element	CLT Certification Best Practices	Freddie Mac Counterparty Requirement
Board Composition	4. The Board’s composition is in line with By-laws. (2 points) 5. Most board members can bring real expertise to the agency and act as a resource for the staff. (1 point)	N/A
Board’s Relationship with the Executive Director	6. The Board and Executive Director set mutually agreed upon goals, and the Board evaluates the Executive Director’s performance at least annually. (1 point) 7. Board is empowered to hire or fire Executive Director if necessary. (1 point)	N/A
Orientation	8. New Board members receive a formal orientation conducted by the Executive Director and/or the Board Chair. The orientation includes a detailed description of expectations and responsibilities, and written material regarding ethics, fiduciary responsibility, potential conflicts, etc. (2 points)	N/A
Governance	9. Roles of all groups, including any advisory boards, committees and executive board (if applicable), are defined and function well. (1 point)	N/A

*Local governments operating ground lease programs will not need to demonstrate implementation of these best practices. However, Councilmembers, Commissioners and members of applicable advisory boards and committees should understand the community land trust model, and staff should strive to maintain good relations with these governing bodies.

Documents requested for this portion of the evaluation include:

- ✓ Current Board roster
- ✓ Resumes and/or bios of current Board members
- ✓ List of advisory boards and committees, with descriptions and names of members (identifying the chairs)
- ✓ Board manual and all orientation materials

Questions asked for this portion of the evaluation include:

- ✓ Is there a traditional tri-partite Board makeup or other structure?
- ✓ Do board members understand and are committed to the organization’s mission, by-laws, policies, programs, and their roles and responsibilities as board members?
- ✓ Does the Board meet regularly, operate with a quorum, and record minutes of all meetings?
- ✓ Are board members committed to the long-term stewardship responsibilities of the organization?
- ✓ Does the Board evaluate its performance annually?
- ✓ Do board members have the right mix of skills, knowledge, and background needed to fulfill their responsibilities including functional and program-related expertise?
- ✓ Does the composition of the board reflect the diversity of the community it serves?



- ✓ Are new board members given an orientation to the organization within their first month on the Board?

Senior Management

Capacity Element	CLT Certification Best Practices	Freddie Mac Counterparty Requirement
Experience	1. Executive Director and/or Senior Management are well qualified with relevant experience and education specifically related to the organization and mission. (2 points)	N/A
Internal Leadership	2. Executive Director and/or senior management initiate team building and other activities with the goal of improving the effectiveness of staff and increasing commitment to the organization. (1 point)	N/A
Dependence on Senior Management	3. The team in place can easily assume duties of others so that there can be a seamless transition to new leadership. (1 point)	N/A
Community Leadership	4. The Executive Director and/or Senior Management meet regularly with the community to showcase the organization's accomplishments, and share the organization's goals and objectives. (1 point)	N/A

Documents requested for this portion of the evaluation include:

- ✓ Job descriptions for the Executive Director and/or Senior Management
- ✓ Resumes for members of the management team
- ✓ List of community meetings and events recently attended by members of the management team

Questions asked during this portion of the evaluation include:

- ✓ What are the qualifications of the ED?
- ✓ Does the ED have specific experience with homeownership programs?
- ✓ Does the ED initiate team building exercises such as an annual retreat?
- ✓ Are there leadership and management succession plans in place with a process to deal with an unplanned absence of the ED?
- ✓ Is there a strategic leadership development plan to expand the organization's pool of capable leadership?
- ✓ Does the ED participate in community events and meetings to showcase the organization's accomplishments and communicate goals and objectives?

Staff

Capacity Element	CLT Certification Best Practices	Freddie Mac Counterparty Requirement
Staff Roles and Responsibilities	1. Each staff person performs an unduplicated and clearly defined role. (1 point)	N/A
Staff Experience	2. Most staff members are experienced and well qualified for most tasks associated with their current position. (2 points)	N/A
Motivation & self-direction	3. All staff are committed to mission, self-directed, motivated and able to perform well with minimal supervision. (1 point)	N/A

Documents requested for this portion of the evaluation include:

- ✓ Organizational chart
- ✓ Job descriptions
- ✓ Resumes for staff members and independent contractors

Questions asked during this portion of the evaluation include:

- ✓ Does each staff person have an up-to-date job description indicating appropriate training and experience?
- ✓ Do staff members understand their responsibilities?
- ✓ How long have the staff members worked with the CLT?
- ✓ Prior to working for the CLT, did the staff have experience working with affordable housing programs?
- ✓ Does the staff have the skills, experience, and knowledge to carry out the programs of the CLT, including a basic understanding of the CLT model and ability to communicate it to others?
- ✓ Are the staff familiar with other local affordable housing programs or resources and how they relate to the CLT operations?
- ✓ Are staff encouraged to participate in training or opportunities to upgrade their skills?

Financial

Capacity Element	CLT Certification Best Practices	Freddie Mac Counterparty Requirement
Policies and Procedures	1. Written fiscal policies are in place and regularly followed. (2 points)	N/A

Financial Management and Reporting*	<p>2. The Executive Director/CFO regularly reviews audits and financial reports with the Board. (REQ)</p> <p>3. Audits, tax returns and all other financial reports are completed in a timely manner, and strictly adhere generally accepted accounting practices. (REQ)</p> <p>4. There are no indications of financial distress (evidence includes audits and financial reports that indicate current assets exceed current liabilities, income exceeds expenses, an operating reserve is maintained, no other major concerns in audit) (REQ)</p>	<p>1) CLT is current in filing its IRS Form 990, Return of Organization Exempt from Income Tax</p> <p>2) Part I or Part III of most recent Form 990 describes CLT's mission and activities as affordable housing development and/or community benefit real estate</p> <p>3) Financial statements indicate financial stability in the current year</p>
Budgeting	<p>5. Budget is formulated annually with input by the Executive Director and Board (senior staff and applicable governing board(s) for local governments). (1 point)</p> <p>6. Variances are routinely examined, and corrective action is taken as needed to ensure compliance. (1 Point)</p>	<p>N/A</p>
Revenue Sources*	<p>7. The organization has diverse revenue sources indicating resiliency and sustainability, including at least 3 of the following sources (2 points):</p> <ul style="list-style-type: none"> a. Development fees b. Ground lease fees c. Rental revenue d. Membership dues e. Grants and donations f. Income from related programs 	<p>N/A</p>

*Local governments will not need to demonstrate implementation of these best practices.

Documents requested for this portion of the evaluation include:

- ✓ Written fiscal policies
- ✓ Most recent IRS Form 990
- ✓ Most recent audited financial statement
- ✓ Current operating statement and balance sheet
- ✓ Current annual budget
- ✓ Any recent funding agreements or other related documents

Questions asked during this portion of the evaluation include:

- ✓ Who is responsible for managing finances?
- ✓ How often is cash flow monitored and evaluated?
- ✓ Does the Executive Director review audits and financial reports with the Board?
- ✓ Are audits and tax returns completed in a timely manner?
- ✓ How is the budget formed?
- ✓ What are the organization's sources of revenue?

Stewardship

Capacity Element	CLT Certification Best Practices	Freddie Mac Counterparty Requirement
Homebuyer Education	<ol style="list-style-type: none"> 1. The CLT requires homebuyer education. It may conduct itself and/or rely upon relationships with other organizations for its homebuyers to complete this requirement. (REQ) 2. The education course includes a module specifically on CLT homeownership either within the course or taught separately. (REQ) 3. In addition to the homebuyer education course, the CLT meets with homebuyers at least once prior to closing to discuss CLT homeownership (REQ) 4. The CLT evaluates the effectiveness of its homebuyer education through a written test provided to prospective homebuyers and requires a signed attestation that the homebuyer understands CLT homeownership. (REQ) 5. The CLT offers counseling to prospective homebuyers either formally or informally, and/or refers prospective homebuyers to other counseling agencies (REQ) 	CLT provides homebuyer counseling services, or it has an established partnership with at least one organization that does provide homebuyer counseling services regarding CLTs
Ongoing Communication with Homeowners	<ol style="list-style-type: none"> 6. The CLT schedules post-closing meeting with homeowners. Such meetings may be formal or informal. (1 point) 7. The CLT has a process for checking real estate tax bills to ensure properties receive the proper tax treatment per Sections 196.1978 and 193.018, Florida Statutes (2 points) 8. The CLT communicates at least twice a year with owners or members through newsletter, gatherings or other means. (1 point) 9. The CLT also maintains an open-door policy for meeting with homeowners post-closing outside of scheduled activities. (1 point) 	N/A

Resale Procedures	10. The CLT has written resale procedures provided to homeowners and understood by staff. (REQ) 11. The CLT maintains list of prospective homebuyers from attendees of homebuyer education classes, website forms, counseling and other means. (2 points) 12. The CLT further maintains enough reserves and/or has line of credit to repurchase homes or place homes under contract while it identifies a subsequent homebuyer, relieving the seller of this responsibility. (2 points) 13. The CLT markets homes for sale utilizing its own real estate license, licensees on staff or relationships with local firms that understand CLT homeownership. (1 point)	N/A
Default Procedures	14. Through homebuyer education, counseling and or regular communication post-closing, homeowners understand to contact CLT in case of financial difficulty. (1 point) 15. The CLT has adequate resources of its own to utilize to cure default on a homeowner's behalf as first resort (if homeowner cannot) and to exercise its repurchase option in case of default. (2 points)	CLT utilizes Freddie Mac lease rider

Documents requested during this portion of the evaluation include:

- ✓ Homebuyer education materials (manuals, presentations, handouts, etc.)
- ✓ Homebuyer education class schedule (if the CLT does its own)
- ✓ Form of Attestation
- ✓ Written resale procedures (in document other than ground lease)
- ✓ Marketing materials
- ✓ Evidence of line of credit or other financial means for repurchase
- ✓ Newsletters, mailouts and other materials from post-purchase meetings and ongoing communications

Questions asked during this portion of the evaluation include:

- ✓ Does the CLT conduct its own homebuyer education course?
- ✓ If not, does the CLT have formal relationship with another agency or agencies to do this?
- ✓ Does the CLT provide materials specific to CLT homeownership as part of homebuyer education?
- ✓ Does the CLT offer homebuyer counseling? Is it offered formally (by appointment, required for participation in the program, etc.) or informally?
- ✓ Does the CLT require that homebuyers demonstrate understanding of CLT homeownership?
- ✓ Does the CLT require signed attestation by homebuyers prior to purchase to confirm understanding of CLT homeownership?
- ✓ Does the CLT require or offer a post-closing meeting with homeowners?
- ✓ How does the CLT otherwise maintain contact with homeowners after purchase (through what means and how often)?

- ✓ Does the CLT detail its resale procedures in a written document other than what's provided in the Ground Lease?
- ✓ Has the CLT ever bought back a property or will it buy properties back if necessary? What are the determining factors for that decision?
- ✓ Has the CLT ever had any foreclosures or other defaults? If so, what caused the default? Was the CLT able to save the unit? If so, how? If not, why not?

Systems and Infrastructure

Capacity Element	CLT Certification Best Practices	Freddie Mac Eligibility Requirements
Technology Infrastructure	<ol style="list-style-type: none"> 1. Up to date equipment and programs in place and operational. (1 point) 2. All software is licensed. (1 point) 3. Improvements in systems occur as budget and time permit. (1 point) 	N/A
Technological Expertise	<ol style="list-style-type: none"> 4. All staff are computer literate and able to operate systems and equipment relevant to their position. (1 point) 5. Additional or advanced training is encouraged. (1 point) 	N/A
Database Management	<ol style="list-style-type: none"> 6. Tracking and reporting (database) systems operate well, and can compile, report and analyze basic data. (2 points) 	N/A
Records and Filing	<ol style="list-style-type: none"> 7. As appropriate, files are put into electronic format and are easily accessible through the database system. (2 points) 8. Paper files are well-organized and complete. (2 points) 9. Files are reviewed regularly by staff to ensure compliance. (2 points) 	The CLT documents that the mortgage files for each homeowner contains an original, certified copy of the Freddie Mac Form 490
Physical Infrastructure	<ol style="list-style-type: none"> 10. Physical infrastructure is good, well maintained, meets all accessibility guidelines and is used efficiently (1 point) 	N/A

Documents requested during this portion of the evaluation include:

- ✓ Records and filing policy

Questions asked during this portion of the evaluation include:

- ✓ What operating system is the CLT currently using?
- ✓ When was the last time technology was upgraded?



- ✓ Does all staff feel comfortable operating the technology and working within operating systems?
- ✓ Is technology training required or encouraged (i.e. paid for by the CLT)?
- ✓ Does the CLT use HomeKeeper? If not, what database system(s) is being utilized?
- ✓ Are there both paper and electronic files?
- ✓ What is the filing system in place (labeling, location, etc.)?
- ✓ How are records and files secured?
- ✓ Is there a written Records and Filing policy?

Scoring:

For certification, CLTs must demonstrate implementation of all required Core Best Practices in each category, indicated by “(REQ)”. To achieve Gold Standard Certification, CLTs must also score at least 80% in each category. For example, Stewardship has six (6) required best practices and nine (9) others for 13 possible points. A CLT must demonstrate implementation of all six required best practices and receive at least 10 out of 13 possible points to obtain Full Certification. CLTs unable to be certified will receive technical assistance from the Florida Community Land Trust Institute to implement the required Core Best Practices and Freddie Mac Counterparty requirements for certification.

3: General Best Practices

This chapter describes the General Best Practices for effective nonprofit or program operations. To be certified, a community land trust must demonstrate implementation of at least 50% of these best practices as applicable. To achieve Gold Standard Certification, a CLT must demonstrate implementation of at least 75% of these best practices. Please note that some do not apply to local governments, and the lists of documents and questions are inexhaustive.

Organization Mission and Vision*

Capacity Element	CLT Certification Best Practices	Freddie Mac Counterparty Requirement
Mission	1. Mission statement is clear, held throughout the organization and frequently referenced (1 point)	N/A
Vision	2. Vision is written, distributed to staff, and frequently used to inform policy and priorities (1 point)	N/A
Goals & Strategic Planning	3. Strategic plan is written, adopted and reviewed annually by the Board, and contains clear goals with measurable outcomes (1 point)	N/A

*This section does not apply to local government agencies operating CLT programs.



Documents requested for this portion of the evaluation include:

- ✓ Mission statement
- ✓ Vision statement or any documents related to vision
- ✓ Strategic planning documents

Questions asked for this portion of the evaluation include:

- ✓ How is the mission statement incorporated into daily operations?
- ✓ Is the mission statement frequently referenced?
- ✓ What is the vision of the CLT?
- ✓ Are there written documents distributed to staff about the CLT's vision?
- ✓ Is the CLT's vision frequently referred to and used to inform policy and priorities?
- ✓ How often does the CLT review its strategic planning documents?
- ✓ How does the CLT gather input for developing these documents?
- ✓ How are goals set within the CLT? How does the CLT ensure these goals are met?
- ✓ How does the Strategic Plan guide decisions?

Program Management

Capacity Element	CLT Certification Best Practices	Freddie Mac Counterparty Requirements
Policies and Procedures	1. Clear and concise written policies and procedures are in place for most programs and are frequently referred to by staff. (1 point) 2. Policies and procedures are periodically updated. (1 point)	N/A
Job Design	3. Staff has demonstrated training and expertise to perform duties of job and execute programs/activities. (1 point) 4. Staff can verify the credentials of consultants and partner organizations who carry out work for the CLT. (1 point)	N/A
Program/Activity Design	5. All programs and activities generally support the CLT's mission or affordable housing. (1 point)	N/A
Program/Activity Reporting and Measurement	6. The CLT should be up to date on all reporting requirements, internal and external. (2 points) 7. Reports are evaluated to ensure goals and objectives are being met. (1 point)	N/A

Documents requested during this portion of the evaluation include:

- ✓ Operations Manual or other documents containing written policies and procedures



- ✓ Written description of program activities

Questions asked during this portion of the evaluation include:

- ✓ Is there a comprehensive/consolidated policies and procedures within an operations manual that includes directions for most or all programs?
- ✓ How often are policies and procedures updated?
- ✓ How would staff describe or rate its own adherence to policies and procedures?
- ✓ What programs/activities does the CLT currently carry out (i.e. homeownership development, rental development, property management, etc.)?
- ✓ Do they all support the mission of the CLT?
- ✓ How active is the CLT with each program?
- ✓ Are staff performing tasks within their expertise or training? If not, what efforts are being made to train staff to execute programs/activities?
- ✓ Is there a need for additional staff?
- ✓ Are any duties being carried out by consultants or other organizations? If so, what was the selection process?

Community*

Capacity Element	CLT Certification Best Practices	Freddie Mac Counterparty Requirements
Relationships with Funders	1. The CLT successfully completes projects according to funding goals and objectives (2 points)	N/A
Relationships with Partners	2. As a practice, the CLT formalizes partnerships through written agreements (1 point) 3. Partnerships serve to increase organizational capacity, increase opportunities, or at least engender community goodwill (1 point)	N/A
Community Needs Assessment	4. Staff have at least a working knowledge of planning documents affecting the CLT's service area (1 point) 5. CLT engages stakeholders (both members and the larger community) through some means at least once a year (1 point)	N/A
Clients	6. The client process is clearly communicated to potential clients, including requirements to move to each next step and estimated timelines (2 points)	N/A
Policy making	7. CLT is engaged as practicable in local policy initiatives, working groups and program development, promoting permanent affordability (1 point)	N/A

*As local governments are typically funders and leaders in the development of policy, they will still be evaluated according to these best practices in serving as an effective community partner.



Documents requested during this portion of the evaluation include:

- ✓ Memorandums of understanding, partnership agreements and/or service contracts
- ✓ Applicable community/neighborhood plans or other planning documents that inform the work of the CLT
- ✓ Minutes from community meetings

Questions asked during this portion of the evaluation include:

- ✓ Who are the CLTs major funders both public and private?
- ✓ Does the CLT partner with other organizations (other nonprofits, for profit businesses, etc.)? If so, for what purpose(s)? How have those partnerships proven beneficial to the CLT and its mission (e.g. the ability to obtain and/or execute contracts not able to otherwise)
- ✓ Does the CLT have Community Housing Development Organization (CHDO) status?
- ✓ How often does the CLT meet with its homeowners and/or renters?
- ✓ Does the CLT host events open to the wider community? If so, does the CLT use this as an opportunity to solicit input on programs and activities?
- ✓ Does the CLT serve to address community needs as expressed in a neighborhood plan, city/county comprehensive plan or other planning document?
- ✓ What is the client process from intake to closing? (Staff should be able to clearly articulate)
- ✓ Does the CLT have a website? Can clients obtain detailed information and/or complete client intake through the website?
- ✓ In the opinion of staff, do clients clearly understand what the CLT does either before or after initial contact?
- ✓ Are there any local policy initiatives, working groups or studies in progress that affect the CLT or affordable housing in general? If so, how is the CLT involved in the discussion (e.g. policy champion, working group member, attending public meetings to keep up with updates, etc.)?

Marketing

Capacity Element	CLT Certification Best Practices	Freddie Mac Eligibility Requirement
Community Recognition & Reputation	1. Stakeholders understand the mission of the CLT, and the organization receives positive recognition, such as news articles highlighting achievements and organizational designations for high performance (1 point)	N/A
Collateral	2. CLT has an effective system for informing the community about its program(s) and resources, including written and electronic marketing materials (1 point)	N/A



Publicity	3. Staff and Board of the CLT work together to actively promote the organization (1 point)	N/A
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Documents requested during this portion of the evaluation include:

- ✓ All marketing materials
- ✓ Press kits
- ✓ Newsletters
- ✓ Annual reports

Questions asked during this portion of the evaluation include:

- ✓ Has the CLT obtained other organizational designations indicating high performance?
- ✓ Do stakeholders understand the mission of the CLT?
- ✓ How does the CLT employ marketing material?
- ✓ Does CLT have a dedicated staff person or contracted firm to publicize and promote accomplishments?
- ✓ How does the CLT publicize its work?
- ✓ How does the CLT utilize its Board members for publicity efforts?

Human Resources

Capacity Element	CLT Certification Best Practices	Freddie Mac Counterparty Certification
HR Staff	1. Good written HR policies and procedures in place that are administered and updated by knowledgeable staff. (1 point)	N/A
Staff training & development	2. Staff frequently requests and attends formal training classes and workshops. (1 point) 3. New staff follow a standardized internal training regimen to ensure they have a good understanding of job requirements and responsibilities. (1 point)	N/A
Compensation & benefits	4. Executive Director and staff are fairly compensated according to industry standards and receive good benefits. (1 point) 5. Regular and comprehensive reviews are conducted, and compensation is tied to performance. (1 point)	N/A

Documents requested during this portion of the evaluation include:

- ✓ Human Resources policies



- ✓ List of trainings attended by staff within the last year

Questions asked during this portion of the evaluation include:

- ✓ Does the organization have written personnel policies, Board approved and available to the staff?
- ✓ Are staff members provided with opportunities to upgrade their skills?
- ✓ Does the organization have an adequate compensation system/guideline, including salary standards, retirement benefits, health care benefits, and systems for bonuses, awards, and recognition of high performance, that is on par with similar organizations?
- ✓ Does the board review the organization's overall salary structure and employee benefits?
- ✓ Are staff members evaluated at least on an annual basis and given constructive feedback from managers on a regular basis?

Asset Management*

Capacity Element	CLT Certification Best Practices	Freddie Mac Counterparty Requirements
Capital Needs	<ol style="list-style-type: none"> 1. CLT has a process for identifying capital needs and maintains a written capital expenditures plan (1 point) 2. CLT properly funds reserve accounts as required by funding agreements or other policies (1 point) 	N/A
Insurance	<ol style="list-style-type: none"> 3. All required insurance is in place and active, evidenced by current insurance certificates and/or policy documents (1 point) 	N/A
Property Performance	<ol style="list-style-type: none"> 4. Multifamily properties owned or managed by the CLT are at least 93% leased (1 point) 5. Single-family units offered for rent do not report extended periods of vacancy (1 point) 6. Properties owned or managed have no compliance issues, or written plans of corrective action to address compliance (2 points) 7. Properties owned or managed report positive cash flow and the ability to cover hard debt, if applicable (2 points) 	N/A
Property Maintenance	<ol style="list-style-type: none"> 8. Properties owned or managed report no deferred maintenance (1 point) 	N/A
Tenant Participation	<ol style="list-style-type: none"> 9. CLT should have regular contact with tenants through direct outreach or through the property manager (1 point) 	N/A



*A local government or nonprofit will only need to demonstrate implementation of these best practices if it owns and manages residential real estate.

Documents requested during this portion of the evaluation include:

- ✓ Written capital expenditures plan
- ✓ Current insurance certificates or policies
- ✓ Rent rolls and financial statements for all rental properties

Questions asked during this portion of the evaluation include:

- ✓ Does the CLT own and/or manage rental properties?
- ✓ If so, is there a capital reserve account(s) that is regularly funded?
- ✓ Does the CLT have a written capital expenditures plan for its rental properties?
- ✓ Are all required insurance policies for properties owned and/or managed by the CLT in place, up to date, with the appropriate limits and coverages?
- ✓ Does the CLT manage properties directly or contract out?
- ✓ How well are properties leased up?
- ✓ Is there a waiting list for vacant units?
- ✓ Are there any program compliance issues at any properties?
- ✓ If any issues with lease-up (such as extended vacancies or occupancy lower than 93% at a multifamily property), what steps are being taken to bring occupancy up?
- ✓ Who handles property maintenance?
- ✓ Any deferred maintenance at rental properties? If so, is there a plan to address?
- ✓ Do any of the rental properties have tenant associations (formal or informal)?
- ✓ Is tenant input sought in certain property management decisions?

Scoring:

CLTs must achieve an overall score of at least 50% on General Best Practices as applicable to be certified. This is in addition to demonstrating all required Core Certification Best Practices as applicable. For Gold Standard Certification, a CLT must achieve a score of 75% on General Best Practices, along with a score of at least 80% in each Core Best Practice category as applicable. All certified CLTs must meet the Freddie Mac Counterparty requirements. CLTs unable to be certified will receive technical assistance from the Florida Community Land Trust Institute to implement the required General Best Practices for certification.

4: Exhibits (not included)

- A – Reviewers Guide
- B – Certification Questionnaire
- C – Document Checklist